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BEFORE THE ARIZONA CORPORATION COMM

COMMISSIONERS

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GARY PIERCE, Chairman  
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2011 JUN 24 A 8:11

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
ARIZONA-AMERICAN WATER COMPANY,  
AN ARIZONA CORPORATION, FOR  
APPROVAL OF A DETERMINATION OF THE  
CURRENT FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY; AND FOR  
INCREASES IN ITS RATES AND CHARGES  
BASED THEREON FOR UTILITY SERVICE BY  
ITS PARADISE VALLEY WATER DISTRICT.

DOCKET NO. W-01303A-05-0405

W-01303A-05-0910

DECISION NO. 68858

NOTICE OF COMPLIANCE FILING

In compliance with Decision No. 68858, Arizona-American Water Company hereby files  
the attached 2010 Capital Structure Report.

RESPECTFULLY SUBMITTED on June 24, 2011.

Arizona Corporation Commission  
**DOCKETED**

JUN 24 2011

DOCKETED BY

*Sandra L. Murrey*

Sandra L. Murrey  
Rate Analyst

Arizona-American Water Company  
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Phoenix, AZ 85027

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1 Original and 13 copies **filed**  
2 on June 24, 2011, with:

3  
4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8  
9 Copies of the foregoing **mailed**  
10 on June 24, 2011, to:

11  
12 Brian K. Bozzo  
13 Compliance and Enforcement Manager  
14 Utilities Division  
15 1200 West Washington Street  
16 Phoenix, AZ 85007

Residential Customers:

All residential customers with usage in the second and third tier will pay a surcharge on second and third tier usage.

All usage in the second and third tier, in addition to normal second and third tier charges

From October 1, 2007 until recovery of fire flow projects is complete \$1.00 per 1,000 gallons

Commercial Customers:

All commercial customers with usage in the second tier will pay a surcharge on second tier usage.

All usage in the second tier, in addition to normal second tier charges

From October 1, 2007 until recovery of fire flow projects is complete \$1.00 per 1,000 gallons

IT IS FURTHER ORDERED that the revised schedule of rates and charges shall be effective for all service rendered on and after August 1, 2006.

IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its affected customers of the revised schedules of rates and charges authorized herein by means of an insert in its next regularly scheduled billing in a form and manner acceptable to the Commission's Utilities Division Staff.

IT IS FURTHER ORDERED that Arizona-American Water Company's request for authority to implement an ACRM is approved, to the extent described herein.

IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with all requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery Mechanism.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by July 1st of each year subsequent to any year in which it collects surcharges under an ACRM, a report with Docket Control showing the Company's ending capital structure (equity, long-term debt, and short-term debt) by month for the prior year.

IT IS FURTHER ORDERED that, as part of the Earnings Test schedule filed in support of the ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision

Arizona American Water Company  
Capital Structure for 2010 (Defined as equity, long-term debt and short-term debt)  
\$ Millions

Compliance for Decision No. 68858

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Equity	154.5	153.8	154.0	154.0	154.2	154.5	154.7	154.4	156.5	157.0	158.2	156.5
LT Debt	175.5	175.5	176.4	176.4	176.4	176.4	187.0	187.0	187.0	187.0	187.0	187.0
ST Debt	67.2	64.6	71.3	73.9	75.0	72.3	59.6	58.1	55.5	57.0	53.4	59.5
Total Capital	397.2	393.9	401.7	404.3	405.6	403.2	401.3	399.5	399.0	401.0	398.6	403.0

Please note that ratemaking pro formas to remove the Tolleson obligation and include the Phoenix Interconnection are not reflected in Long-Term Debt.